

An Outline of the Case Against The Wind PTC

The wind energy Production Tax Credit (PTC) came about due to intense political pressure from lobbyist groups like AWEA. It has continued for twenty years for the same reason.

Their current main arguments are NOT that these expenditures will provide us with **reliable** and **inexpensive** energy, but rather that these monies will promote jobs and economic benefits. Of course, as lobbyists they are paid to put the best spin on their client's products that they can.

In these times of more focused financial frugality, we need to look at such outlays in an **objective** light — especially since we are talking about many Billions of dollars (which still is a lot of money).

The fundamental question is:

should the US taxpayer subsidize the wind energy business?

It only makes sense for taxpayers to support fledgling alternative energy options, under two conditions:

- 1) if there is solid scientific evidence indicating that they will shortly be *better than* our conventional choices with regards to **technical, economic** and **environmental** considerations, and
- 2) only during the development cycle [i.e. the pre-grid phase]. **Wind energy meets neither of these two conditions.**

A more complex matter is whether **mature** technologies should be subsidized.

Instinctively the response is no — but there is this worthy argument:

If low-cost and reliable energy sources can be made even *less expensive* to homeowners and businesses, then there can be genuine societal benefits to be gained from subsidizing that specific result. **Again, this is not the case for wind energy.**

Renewable energy evangelists tend to confuse these two fundamental points, saying that their "developing" source should be subsidized, since some mature sources are. This is a classic sales slight-of-hand trick, as this is an apples-to-oranges comparison.

Based on the above conditions, the reality is that no matter which position you take about renewables (they are new, **or** they are old) they should **not** qualify for subsidies.

Yet, according to EIA statistics (e.g. for 2010), the amount of federal subsidies for wind energy exceeded the amounts for *all conventional sources of electricity*, **combined**. This is

an extravagant waste of our resources that results in no provable net benefits.

Let's look at the main assertions of the wind lobbyists, and see how they stack up*:

Claim one: jobs

- 1) Numerous independent reports have concluded that the *cost per job* that renewable subsidies fund, is VERY high. This study concluded that with one wind project:
"If all subsidies are included, then *each* of the 35 permanent jobs will cost over \$34 million to American taxpayers".
- 2) Some independent studies have concluded that when we look at the big picture, that there is actually *a net job LOSS* from subsidizing renewables. (See page 105 of this independent study for a small offshore wind project which concluded that NJ employment would be **reduced** by some 29,661 jobs.) The key reason for this is that the cost of electricity produced by wind energy is higher than our conventional sources, which leads to businesses cutting back and laying people off.
- 3) Some independent studies have shown that many of the jobs created when supporting wind energy are actually *foreign jobs*. Is that a good use of limited taxpayer funds?
- 4) If the Billions were spent on other, more reliable forms of energy (e.g. gas or nuclear) MORE jobs would be created.
- 5) The definition of "green jobs" has been grossly inflated. This study found out that "There are 33 times as many green jobs in the septic tank and portable toilet servicing industry as in solar electricity utilities".
- 6) This analysis concluded that there is little correlation between the wind industry's success and green jobs:
"even though a record 10,000 megawatts of new generating capacity came on line, few jobs were created overall and wind power manufacturing employment, in particular, fell".

A favorite tactic used in these (and their other) arguments is that lobbyists make false comparisons. For example, when they say a billion dollars of subsidy will create x wind jobs, their comparison is versus **doing nothing**.

A more valid question is: what would be the number (and quality) of jobs resulting if

we invested that same billion dollars elsewhere? *They NEVER accurately answer that critical question!*

Consistent with all this, the Federal Oversight Committee issued a 2011 report on the failure of the green jobs program.

This article made the objective, logical conclusion: "**Green jobs are a Cost, not a Benefit.**"

Claim two: economic development

The claims for economic development have some of the same fundamental flaws as do those for job assertions. The most serious deficiency for economic claims is that they are never NET calculations. Every study that has done an objective **net** assessment has concluded that wind energy projects are net losers. (See page 104 of this recent expert study for a proposed NJ offshore wind project which concluded that the state would **lose** some \$941 million by approving this project.)

The fact is that if this same money went to fund reliable, clean, sustainable energy like nuclear power, that there would be just as much (if not more) economic development that will result. A particular area of importance is mini-nuclear (SMRs: Small Modular Reactors). Providing political and economic support for that one area would be a game-changer in the energy business, and have profoundly beneficial technical and economic results for the US. *We need to be the leader in this technology of tomorrow. If we are not, be assured that China will aggressively take over that role – which will be an incalculable loss to the US.*

Claim three: energy independence

Funding wind energy with subsidies does **not** give us energy independence. There are several technical reasons for this. For instance, consider the fact that in every wind turbine there is thousands of pounds of rare earth elements. China produces 95±% percent of these rare earth elements, so the more turbines we buy, the more dependent we are on the China. *That is not energy independence!* Furthermore, some mining experts have concluded that we only have 15-20 more years of rare earth elements available – so this reliance on these very limited materials is not *sustainable* either (which is another green mantra).

Another detailed ignored by the subsidy lobbyists is that we are already independent

in the electrical energy sector. An objective analysis would conclude that the energy independence card is simply a trick to deceive well-intentioned politicians.

Claim four: CO2 reduction

Despite all the claims of the wind lobbyists there is **zero independent scientific proof that wind energy makes a consequential reduction in CO2**. Zero. One of the reasons for this is that there is no such thing as wind by itself. Wind must ALWAYS be augmented by a conventional source of power, which is usually a low-cost/low-efficiency version of gas turbines (SSGT).

The net CO2 savings of this combination are very low (if any) — significantly less than would be attained by the same amount nuclear or geothermal capacity. Surprisingly wind+gas is likely to save less CO2 than what would result from a high-efficiency gas option by itself — so why have the wind component? *And why should taxpayers subsidize this unproductive component?*

Claim five: they need the handouts

Wind lobbyists are always pleading poverty, which is what they are paid to do. The fact is that wind energy development is one of the most profitable businesses in the country. TB Pickens stated that as a wind developer **he would expect to make at least 25% profit per year!** We need to subsidize such a business?

Additionally the OMB and Treasury found severe problems with "the economic integrity of government support for renewables." Such an assessment should give Congress severe pause for continuing such handouts.

Lastly, providing new subsidies is effectively a tax raise on US citizens and businesses as they are carrying this burden where a privileged few get paid to build products with no proven consequential net benefits. As such, these credits are a clear violation of the Federal Taxpayer Protection Pledge.

But what if it is made "revenue neutral" by canceling some other unnecessary taxes? All unnecessary taxes **should** be cancelled — but that hardly means that Congress should negate that good deed by immediately imposing new taxes with no scientifically proven net benefits!

Summary

When all is said and done, renewable subsidies (like the PTC, 1603 Grants, etc.) mostly

end up supporting high-cost, low-benefit sources of energy. *Clearly we can spend our limited resources better!* We should focus on solutions that have had a **proper scientific assessment** (i.e. technical, economic and environmental) which *prove* that they are cost-beneficial. *No such proof exists for wind energy.*

More Information

*This is intended to be a VERY brief overview. All of the statements above can be supported by references. For example, for a more detailed, science-based assessment of our energy policy, see [EnergyPresentation.Info](#), which has several pages of references.

Here are two pertinent articles of interest: a summary of wind economics, and a website specifically on the wind PTC: PTCFacts.Info.

Let me know any questions.

John Droz, jr,
Physicist & Environmental Advocate

